



Accountability
Framework



From Commitments to Action at Scale

Critical steps to achieve deforestation-free
supply chains

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Foreword



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No net-zero emissions without no-deforestation.

For those working at the intersection of land use and climate change, this is a central motivating truth. Forests play a crucial role in mitigating climate change. We are unlikely to avoid disastrous effects of climate change without halting deforestation and other natural ecosystem destruction, which account for at least 11% of human greenhouse gas (GHG) emissions. The most recent Intergovernmental Panel on Climate Change (IPCC) Assessment Report¹ clearly identifies the centrality of forests in mitigating climate change, estimating that the land sector can provide up to 30% of the emissions reductions needed to meet 2050 targets, with forests and other natural ecosystems providing the largest share of that mitigation potential¹.

More broadly, protecting forests and other natural ecosystems is essential for achieving a nature-positive future. Around 80% of terrestrial biodiversity is found in forests which drives the production of a plethora of goods and services. Some of these contribute to climate regulation and reduce vulnerability to climate change, but forests also boost rainfall and produce clean water impacting people thousands of miles away. They harbor pollinators and play a central role in pest and pathogen control. They also directly support the livelihoods of some 1.6 billion people.

‘No net-zero emissions without no-deforestation’ is also true in another way: Without the right systems in place to address deforestation – including effective traceability, supplier engagement, monitoring, verification, and landscape-level collaboration – companies will be unable to address GHG emissions and other environmental impacts in their supply chains. With this in mind, we developed this report to provide an in-depth look at company

progress on the actions that are needed to deliver not only on no-deforestation commitments but also on science-based targets (SBTs) for emissions reductions, nature targets, and other sustainable development targets for soft commodity supply chains.

How much progress has been made? Unfortunately, it would be generous to say that the glass is half-full. Disclosures reveal that most companies are not yet taking the necessary actions to deliver existing commitments to address deforestation and related risks. Yet the progress made by leading companies using readily available tools and systems demonstrates that the goals are attainable. They only require adjusting business practices in ways that are largely known and tested.

By documenting areas of progress and gaps in company actions, this report highlights what must still be done to transform supply chains - not only to curtail deforestation and ecosystem conversion but also set a course to meeting climate and nature goals.

¹. The Intergovernmental Panel on Climate Change (IPCC) Working Group III Contribution To The IPCC Sixth Assessment Report (AR6) Technical Summary. (2021). https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_TechnicalSummary.pdf

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Executive summary

Over the past year we have seen increased attention to the impacts of commodity production on forests and ecosystems. Eliminating commodity-driven deforestation is no longer just a focus of conservation NGOs and leading sustainability-focused companies; it is now a core priority for climate action, nature-positive targets, and regulatory compliance. This transition has been accompanied by greater scrutiny of company policies, progress, and disclosure.

Based on data from CDP's 2021 forests disclosures, this report shows that most companies disclosing on their commodity supply chains have started to put governance and operational systems in place to understand and mitigate deforestation and related risks. However, these systems currently lack the scale, scope and rigour necessary to effectively address deforestation and ecosystem conversion associated with agricultural and forest commodity production and trade.

For the past four years, the Accountability Framework initiative (AFI) and CDP (a member of the AFI Steering Group) have worked together to set and clarify best practice for corporate reporting on progress towards eliminating deforestation and related environmental and human rights risks from commodity supply chains.

The Accountability Framework provides a common basis of good practice for responsible supply chains while CDP's forests questionnaire enables companies to clearly report on their progress to eliminate deforestation and manage deforestation risks. To amplify and clarify essential action and disclosure by companies, CDP's forests questionnaire is aligned with the Accountability Framework's principles, definitions, and guidance. Companies that follow the Accountability Framework will be better able to report through CDP, and companies that disclose comprehensively through the

CDP forests questionnaire will also be reporting effectively against the Accountability Framework. This aligned approach can help companies meet the expectations of their buyers, investors, and other stakeholders.

As companies progress in their sustainability journey and stakeholders' expectations for accountability continue to increase, AFI and CDP are working to further improve the standardized indicators available to companies. Beginning this year, companies will be requested to disclose through CDP's forests questionnaire the extent to which commodity volumes are deforestation-free as well as the amount of ecosystem conversion associated with their supply chains. These new questions support fulfilment of corresponding transparency expectations on companies' Scope 3 land sector GHG emissions and should strengthen transparency and alignment across related ESG topics.



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Key findings



1

Only 36% of companies (245/675) have public company-wide no-deforestation or no-conversion policies and only 13% of companies have commitments to no-deforestation/no-conversion that are well-aligned with good practice.

- ▼ 92% of commodity specific no-deforestation/no-conversion commitments reported include target dates — the majority of which are prior to 2025 — and 74% include cutoff dates that are 2020 or earlier.



2

Few companies are setting timebound, quantifiable targets related to supply chain control systems.

- ▼ 23% of companies (157) report third party certification targets linked to their no-deforestation/no-conversion commitments.
- ▼ Only 14% of companies (95) have a traceability target related to their no-deforestation/no-conversion commitments.



3

While 76% of companies (512) report having a traceability system for at least one commodity, most companies have significant gaps in supply chain traceability, which is necessary to assess and manage deforestation and conversion risk.

- ▼ Only 23% of reporting companies (157) can trace more than 90% of the volumes they produce or source back to the municipality level or equivalent for at least one commodity.
- ▼ 38% of companies (257) report having no information about origins for at least half of their commodity volumes, and 28% (191) report having no traceability system for at least one commodity that they source.



4

Two-thirds of companies (444) report that they are engaging with direct suppliers, and half of relevant companies report working with indirect suppliers to manage and mitigate deforestation risks. However, around only a quarter report providing technical or financial assistance to direct suppliers (25%) or smallholders (22%), and a third report having processes to manage supplier non-compliance.



5

Just around a quarter of all disclosing companies (26%; 177) have monitoring systems in place to assess compliance with rigorous no-deforestation/no-conversion policies or commitments.



6

129 companies report that more than 90% of their supply chain volumes comply with no-deforestation/no-conversion policies or commitments. This represents 19% of the 675 analyzed companies and 35% of the 370 companies disclosing against the full CDP forests questionnaire.

About this report

100
producers

241
processors

137
traders

378
manufacturers

185
retailers

A total of 865 companies reported through CDP's 2021 forests questionnaire. This includes 24% of the 1,902 companies requested to disclose through CDP by investors, and 67% of the 822 companies requested to disclose by their customers (ie large commodity-buying companies). Reporting companies include 266 organizations based in Europe, 203 in the US and Canada, 196 in Asia, and 105 in South America.

Building off previous AFi and CDP analysis of corporate performance before the launch of the Accountability Framework², this report analyzes company performance relative to the Core Principles of the Accountability Framework, with a focus on key areas of policy development and implementation. **It uses data disclosed through CDP's forests questionnaire in 2021 by 675 companies that produce or source at least one of the seven commodities responsible for most commodity-driven forest loss: palm oil, timber products, cattle products³, soy, natural rubber, cocoa and coffee⁴. This includes 100 producers, 241 processors, 137 traders, 378 manufacturers, 185 retailers.** As companies often disclose on more than one commodity, the analysis includes over 1,100 commodity-specific disclosures (see table 1). These disclosures highlight

areas of progress and gaps in performance as well as offer insights that can help companies that are earlier on their responsible supply chain journey to learn from the progress of their peers.

Each section of the report summarizes key elements of the Accountability Framework's Core Principles and guidance followed by corresponding analysis of company performance using CDP data. Particular emphasis is given to CDP's set of 15 Key Performance Indicators (KPIs), which highlight critical aspects of performance related to the elements of the Accountability Framework and of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations (see table 2). Examples of good practice are included in key implementation stages, including traceability, supplier management, and monitoring.











Each section of the report summarizes key elements of the Accountability Framework's Core Principles and guidance followed by corresponding analysis of company performance using CDP data.



2. Accountability Framework initiative & CDP (2020) Disclosure for a deforestation-free supply chain: An Accountability Framework baseline for 2020 and beyond. <https://accountability-framework.org/how-to-use-it/resources-library/disclosure-for-a-deforestation-free-supply-chain/>
3. Cattle products include beef, leather, tallow, and all other products derived from cattle with the exception of dairy products.
4. WRI. (2020). Global Forests Review. <https://research.wri.org/gfr/forest-extent-indicators/deforestation-agriculture>

Table 1. Disclosures through CDP’s 2021 forests questionnaire




	 At least one commodity	 Timber products	 Palm oil	 Cattle products	 Soy	 Rubber	 Cocoa	 Coffee
# of companies disclosing	675	491	233	126	154	51	54	27

Note on methodology:

For all CDP corporate questionnaires, there are two versions: full and minimum. The full version contains all questions relevant to a company, including sector-specific questions and data points. The minimum version contains fewer questions, and no sector-specific questions or data points. To encourage disclosure, companies that are disclosing for the first time or have an annual revenue of less than EUR/US\$250 million have the option to complete the minimum version. CDP’s forests questionnaire also includes question dependencies meaning certain questions only appear based on previous answers. Throughout this report, the number of companies reporting on each topic will vary based on these elements and consequently so will the denominator.







Table 2. Accountability Framework Core Principles and corresponding CDP Key Performance Indicators.

Accountability Framework Core Principles	CDP Key performance Indicators	TCFD recommendation topics
<p>Policies and commitments Core Principles 1,2,3</p>	<p>Policy: A general or commodity-specific publicly available company-wide no-deforestation policy with social elements, remediation and restoration⁵ (KPI #2)</p> <hr/> <p>Commitment: a robust⁶ public no-deforestation commitments that cover 100% supply and are set to be completed by 2030 with social elements, remediation and restoration (KPI #3)</p>	 Governance
<p>Company systems to drive implementation Core Principle 4</p>	<p>Board-level oversight: one of five key board positions with oversight of forest-related issues - Board Chair, Director on board, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO) (KPI #1)</p> <hr/> <p>Strategic business plans: forest issues fully integrated into all parts of long-term strategic business plans including in financial planning, strategy and objectives (KPI #4)</p>	
	<p>Forest-related risk assessment: comprehensive⁷ forest-related risk assessments (KPI #5)</p>	 Risk management
	<p>Traceability: trace more than 90% of their production/consumption back to at least municipality or equivalent (KPI #8)</p> <hr/> <p>Traceability targets: linear progress to trace 100% of supply back to at least municipality (KPI #6)</p> <hr/> <p>Certification: at least 90% of commodity certified in a no-deforestation compliant certification (KPI #7)</p> <hr/> <p>Certification targets: linear progress towards targets to source 100% no-deforestation certified commodities (KPI #6)</p>	 Measuring & targets

5. Commitment to remediation, restoration and/or compensation of past harms, commitment to protect rights and livelihoods of local communities

6. No-deforestation forests-related public commitment that includes commitments to operations in accordance with the UN Declaration on the Rights of Indigenous Peoples, remediate any adverse impacts on indigenous people and local communities, adoption of the UN International Labour Organization principles, resolution of complaints and conflicts through an open, transparent and consultative process, recognition of legal and customary land tenure rights, restoration and compensation to address past deforestation and/or conversion is timebound, set to be completed by 2030, includes a cutoff date before 2020, with FPIC, covers 100% of production/consumption and applies to all relevant operations

7. Full coverage of relevant operations with risks beyond six years considered and availability of forest risk commodities, quality of forest risk commodities, impact of activity on the status of ecosystems and habitats, social impacts, local communities are included in the assessment

Accountability Framework Core Principles	CDP Key performance Indicators	TCFD recommendation topics
Managing for supply chain compliance Core Principles 6	<p>Direct suppliers: supporting and improving supplier capacity to comply with forest related policies, commitments and other requirements through financial or technical assistance⁸ (KPI #12)</p> <hr/> <p>Beyond first-tier suppliers: working beyond first tier to manage and mitigate deforestation risks through supply chain mapping or capacity building (KPI #13)</p> <hr/> <p>Smallholders: working with smallholders to support good agricultural practices and reduce deforestation or conversion of natural ecosystems through financial or technical assistance (KPI #11)</p>	 Measuring & targets
Responsible production Core Principles 7, 8, 9	Not assessed	
Collaboration for landscape and sectoral sustainability Core Principles 10	<p>Forest-related external activities or initiatives: participating in jurisdictional approaches to promote the implementation of forest-related policies and commitments (KPI #14)</p>	 Measuring & targets
Monitoring and verification Core Principles 11	<p>Compliance: a system to control, monitor, and verify compliance with no deforestation policies/commitments that covers all relevant operations and supply chains with more than 90% of total volume in compliance (KPI #9)</p> <hr/> <p>Legal compliance: company or supplier compliance with forest regulations and/or mandatory standards are assessed if sourcing commodities from regions with a high deforestation risk (KPI #10)</p>	 Measuring & targets
Reporting, disclosure, and claims Core Principles 12	All	
Out of scope for the Accountability Framework	<p>Ecosystem restoration and protection: supporting or implementing ecosystem restoration and protection projects with timely monitoring and measured outcomes (KPI #15)</p>	 Measuring & targets

8. Offering on-site training and technical assistance, investing in pilot projects, paying higher prices linked to best agricultural practices, financial incentives for certified products, offering credit lines linked to best agricultural practices

Policies and commitments



**Accountability Framework
Core Principles 1,2, and 3:
Elements of robust policies and
commitments.**

Companies should have a publicly available general or commodity-specific company-wide policy that includes a commitment to eliminate deforestation and/or a commitment to eliminate conversion of natural ecosystems, using definitions of deforestation and conversion in alignment with the Accountability Framework. That commitment should:

- ▼ Cover 100% of production/sourcing and apply to all relevant operations;
- ▼ Be timebound, with an ambitious target date for full implementation of the commitment;
- ▼ Include a cutoff date, after which deforestation or conversion renders commodities produced on the converted land non-compliant with no-deforestation or no-conversion commitments;
- ▼ Include a commitment to Free, Prior, and Informed Consent (FPIC) of indigenous peoples and local communities; and
- ▼ Include a commitment to restoration, remediation, and/or compensation of past harms.

See AFI’s guide [“How to write an ethical supply chain policy”](#) for further guidance

Companies disclosing through CDP report on both their company-wide or commodity-specific forest-related policies and on the scope of their timebound public commitments.

Companies’ 2021 CDP forests disclosures indicate relatively high prevalence of forest-related policies, but far fewer are robust or comprehensive (see figure 1).

66% of companies (445) have a policy related to deforestation but

Only **1/3** of companies (245) have either a general or commodity specific publicly available company-wide no-deforestation/conversion⁹ policy.

This drops further when social elements and remediation are taken into consideration:

Only **13%** of reporting companies (85) have a no-deforestation/conversion policy that includes

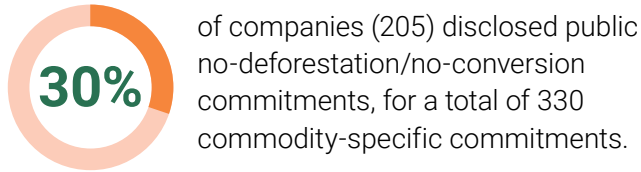
commitments to remediation, restoration and/or compensation of past harms and commitments to protect rights and livelihoods of local communities (CDP KPI #2).

Figure 1. Percentage and no of companies with policies

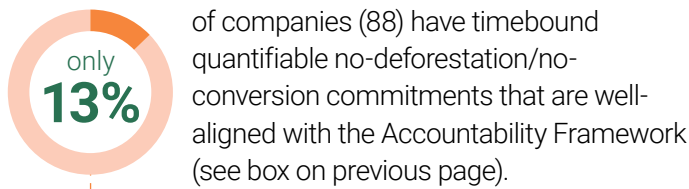


9. A policy with either a commitment to eliminate conversion of natural ecosystems, commitment to eliminate deforestation or a commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE).

Timebound public commitments that follow good practice according to the Accountability Framework remain uncommon.



The majority of these are associated with timber products (128 companies) or palm oil (91 companies) (see figure 2).



- 39 identify as producers, processors, or traders; and
- 76 identify as manufacturers or retailers.

Of the 88 companies with robust commitments,

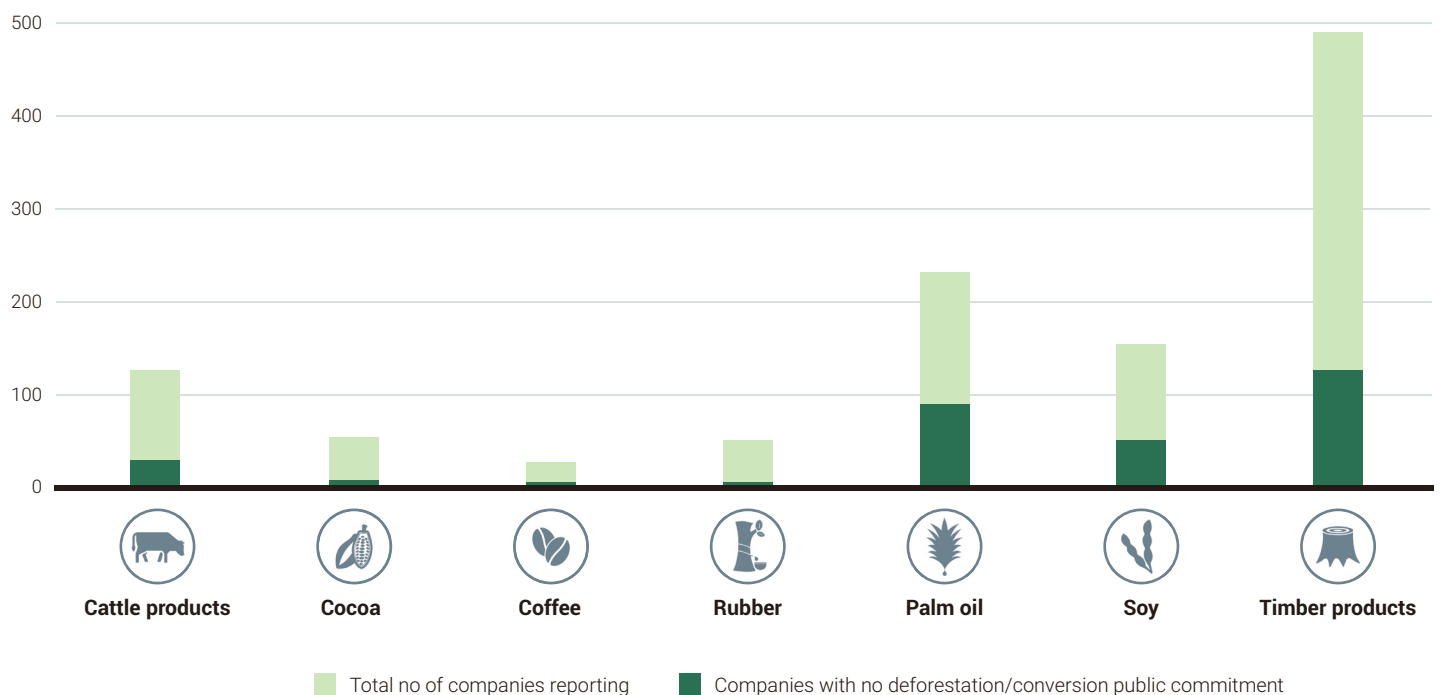
20 companies disclosed human rights criteria alongside their no-deforestation/no-conversion commitments¹⁰, including:

- ▼ Operations in accordance with the UN Declaration on the Rights of Indigenous Peoples;
- ▼ Adherence to the UN International Labour Organization fundamental conventions;
- ▼ Resolution of complaints and conflicts through an open, transparent and consultative process;
- ▼ Recognition of legal and customary land tenure rights; and
- ▼ Remediation of adverse impacts on indigenous people and local communities.

12 companies reported a commitment to restoration and compensation

to address past deforestation and conversion (CDP KPI #3).

Figure 2. Number of companies with no-deforestation/conversion public commitments out of those reporting through CDP in 2021



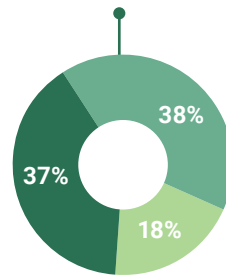
10. The CDP forests questionnaire does not request disclosure regarding companies' human rights policies or commitments that are distinct from forest policies or commitments. Thus, it is possible that the companies disclosing via CDP have additional human rights policies or commitments beyond those reflected in these figures.

Target dates

Target dates indicate the date by which companies intend to have fully implemented their commitments. To stem both the climate and biodiversity crises, targets should reflect a high level of ambition to quickly eliminate deforestation and conversion from company operations and supply chains. The AFI currently recommends that target dates for no-deforestation/no-conversion commitments should be no later than 2025.

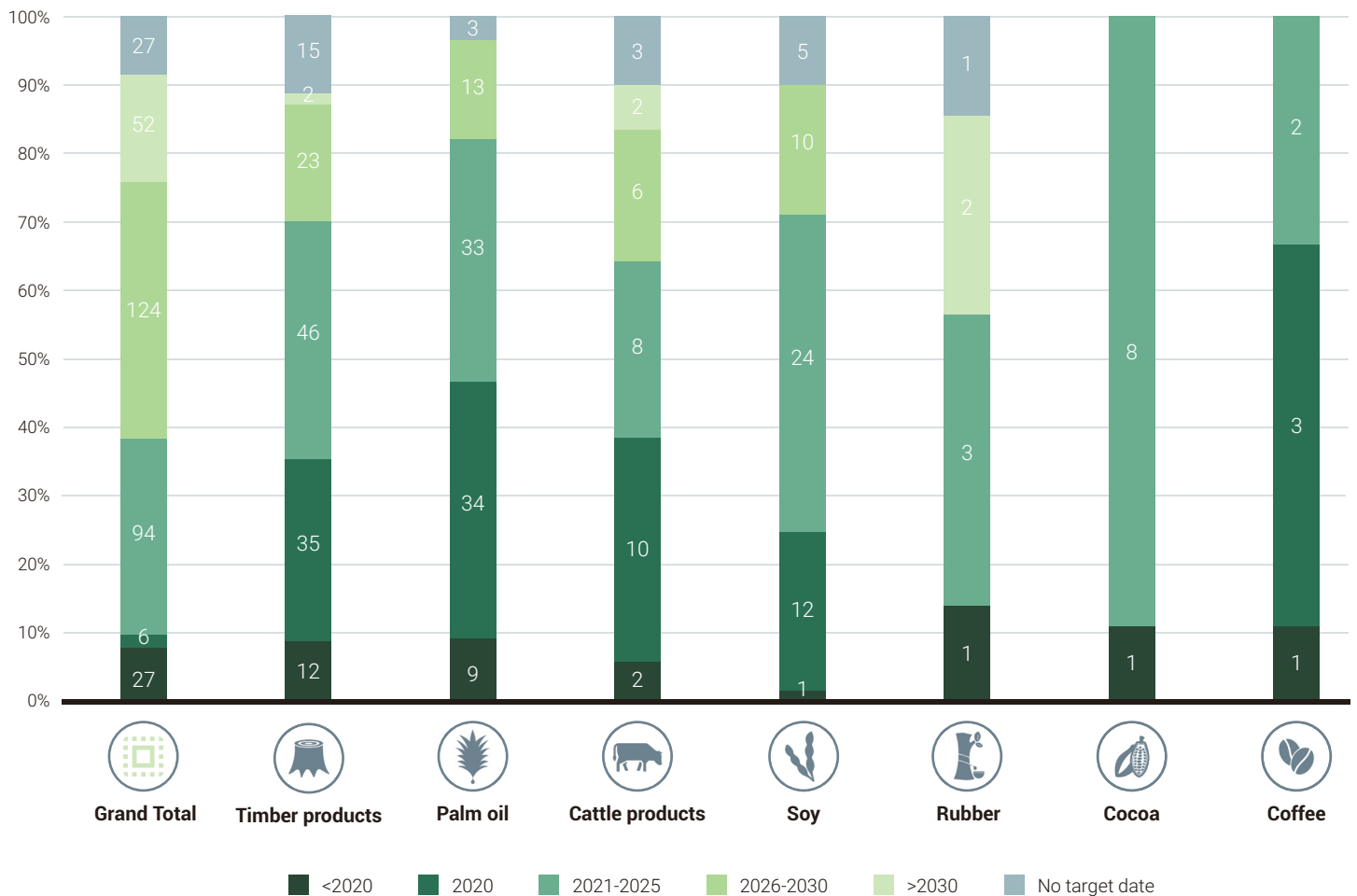
Of the **330** no-deforestation/no-conversion commitments disclosed

92% include target dates (see figure 3).



- Targets of ≤2020, aligning with previous public commitments such as the New York Declaration on Forests;
- Targets between 2021-2025
- Targets later than 2025.

Figure 3. Distribution of target dates among reported no-deforestation/conversion public commitments by commodity



Cutoff dates

Cutoff dates indicate the point in time after which deforestation or conversion renders commodities produced on the converted land non-compliant with no-deforestation or no-conversion commitments. The Accountability Framework recommends that companies use cutoff dates that are already accepted or prevalent for a given commodity or geography where these exist. It sets the expectation that cutoff dates for deforestation be no later than 2020.

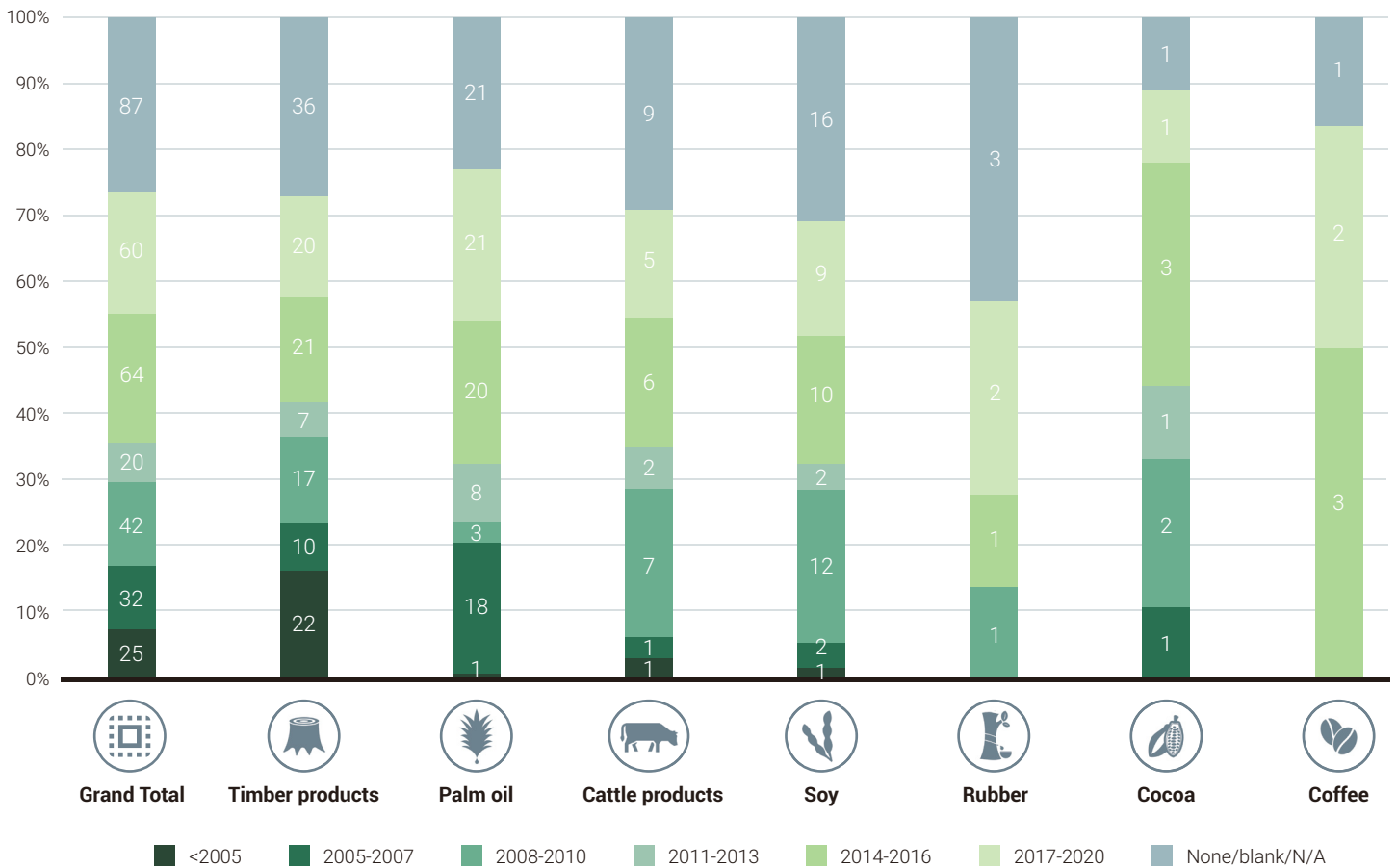
Across all commodities

74% 

of no-deforestation/ no-conversion commitments disclosed in 2021 included a cutoff date (see figure 4).

Though relatively few companies report on cocoa, coffee, or rubber commitments, cocoa and coffee commitments are the most likely to include cutoff dates (89% and 83% respectively), while rubber commitments are the least likely (57%). Commitments related to cocoa and timber are most likely to have cutoff dates prior to 2012, while rubber and coffee have the greatest prevalence of cutoffs later than 2017.

Figure 4. Cutoff dates among reported no-deforestation/conversion public commitments



Note on cutoff dates

Cutoff dates for each commodity largely correspond to the cutoffs used in commodity-specific certification programs or regulatory mechanisms (such as the Amazon Soy Moratorium). This indicates that responding companies are adopting cutoff dates that are prescribed for them but are far less likely to set dates in the absence of these external instruments. In the absence of externally defined cutoff dates for given commodities or contexts, the Accountability Framework recommends that companies set a cutoff date for no-deforestation of no later than 2020. 2020 is also the cutoff date included in the draft EU deforestation regulation for all in-scope commodities. These converging expectations point to the importance of companies establishing and reporting in relation to a cutoff date if they have not yet done so.



Insight

Time for action

Disclosures through CDP's 2021 forests questionnaire make it clear that most companies producing or sourcing forest-risk commodities have still not established adequate goals or policies for forest and ecosystem protection.

Not only do most companies fall short of good practice as defined by the Accountability Framework and CDP; the absence of strong no-deforestation/no-conversion commitments suggests that companies are not well-positioned to meet the new climate and nature goals that many are setting. For many companies that produce or source forest-risk commodities, land use change makes up a large part of their Scope 1 or 3 emissions footprint, meaning that many of these companies will need to publish or strengthen these policies soon to have a realistic shot of meeting near or medium-term emissions reduction targets. To illustrate the central role of deforestation-free supply chains in successful emissions reductions, the Science Based Targets initiative's forthcoming Food, Land, and Agriculture guidance (SBTi-FLAG) is set to require no-deforestation commitments as part of the target-setting process.

In addition, disclosed information suggests that forest-related commitments were mostly lacking components to protect the rights of indigenous peoples and local communities and secure their free, prior, and informed consent prior to activities that may negatively affect them. While it is possible that companies make such commitments in other (non-forest related) policy documents, it is important that these commitments exist and that action on forest protection and human rights is well integrated to avoid harms to both people and ecosystems.

Company Systems to Drive Implementation

A large, bold white number '2' is centered in the lower right portion of the image. The background consists of several tall stacks of wooden planks, arranged in a way that creates a sense of depth and perspective. The lighting is dramatic, with strong shadows and highlights, giving the wood a textured appearance. The overall color palette is dominated by dark greens and browns, with the white number providing a stark contrast.

2

Only

52%

of companies report integrating forest issues into all parts of their long-term strategic business plans

Accountability Framework Core Principle 4

states that companies should establish systems and processes that effectively promote and facilitate the implementation of commitments. Translating policy commitments into practice requires companies to establish internal management systems and processes that enable effective implementation. This includes senior level responsibility and board level oversight to stand behind commitments at the corporate level, and full integration of commitments within all core business units, financial investments, and procurement decisions.

Across all commodities, 85% of companies report board level oversight of forest-related issues and half of companies (226) report that one of the five key board positions is charged with oversight of forest-related issues - Board Chair, Director on board, Chief Executive Officer (CEO), Chief Financial Officer (CFO), or Chief Risk Officer (CRO) (CDP KPI #1). These positions support the escalation of environmental issues from specific departments (such as sustainability or corporate social responsibility) toward broader integration in organization-wide practices. This enables a comprehensive response to environmental risk, often drawing on the expertise of other vital departments such as finance, risk management and legal.

Roughly half of reporting companies (357) report integrating forest issues into all parts of their long-term strategic business plans including in financial planning, strategy and objectives (CDP KPI #4).

Supply Chain Assessment and Traceability



3

Risk Assessment

Accountability Framework Core Principle 5

states that companies should assess the supply of commodities they produce or source for non-compliance or risk of non-compliance with company commitments, applicable law related to the Accountability Framework's scope, and adverse impacts to internationally recognized human rights. Risk assessments may be used to prioritize further traceability and supply chain management activities, and should follow good practices for credibility, transparency, and accurate risk characterizations.

In the face of more stringent expectations for supply chain due diligence, risk assessments will be increasingly essential for companies to understand and communicate potential impacts of commodity sourcing on ecosystems and communities, as well as to reduce corporate risks related to procurement.

Companies disclosing through CDP report on forest-related risks and opportunities with substantive financial or strategic impacts to their business in alignment with TCFD recommendations. Companies disclose on whether they conducted forest-related risk assessments including scope, procedures, frequency and horizon as well as issues considered including as related to forests; availability and quality of forest-risk commodities and impact on status of ecosystems and habitats.

Forest-related risk assessments are common, as three in four companies (350/446¹¹) report conducting a risk assessment that includes forest-related issues.

However, in 2021, just 137 (31%) disclosing companies conducted a comprehensive forest-related risk assessment with full coverage of operations and supply chain that considers risks beyond six years, as well as availability and quality of forest-risk commodities, impact of activity on the status of ecosystems and habitats, social impacts, and local communities (CDP KPI #5).

Among companies that report producing or sourcing commodities from regions with a high deforestation risk¹², most report conducting forest-related risk

assessments (84%; 280/332¹³), but only a quarter (90/332) conduct the necessary comprehensive forest-related risk assessments as described above.

Not conducting an adequate risk assessment creates a blind spot, exposing businesses to potential impacts and hindering capitalization on opportunities related to addressing deforestation.

In 2021

211 companies disclosing through CDP identified forest-related risks

with a potential financial impact worth over US\$79.2 billion. In stark contrast, the complete cost of responding to identified risk was estimated at only US\$6.7 billion.

Conversely

182 reported forest-related opportunities from taking action on deforestation

valued at over US\$50.9 billion. 

11. Out of companies disclosing through the full-tier questionnaire

12. For the purposes of this analysis and CDP's forests questionnaire, a forest risk country is one of the following tropical and subtropical countries selected based on current and/or future deforestation risk (based on GCP, 2019; WWF, 2015 & TFA, 2019): Angola, Argentina, Australia, Bolivia (Plurinational State of), Brazil, Cambodia, Cameroon, Central African Republic, Colombia, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ecuador, Gabon, Guatemala, Guinea, Honduras, India, Indonesia, Kenya, Lao People's Democratic Republic, Liberia, Madagascar, Malaysia, Mexico, Mozambique, Myanmar, Nicaragua, Nigeria, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Thailand, United Republic of Tanzania, Venezuela (Bolivarian Republic of), Viet Nam, Zambia, and Zimbabwe.

13. Out of companies disclosing through the full-tier questionnaire and sourcing from a forest risk country

Traceability

Accountability Framework Core Principle 5

states that companies should know or control the origin of materials in their supply chains sufficiently to demonstrate that the production and processing of these materials complies with company commitments or determines the extent and nature of the issues that must be resolved.

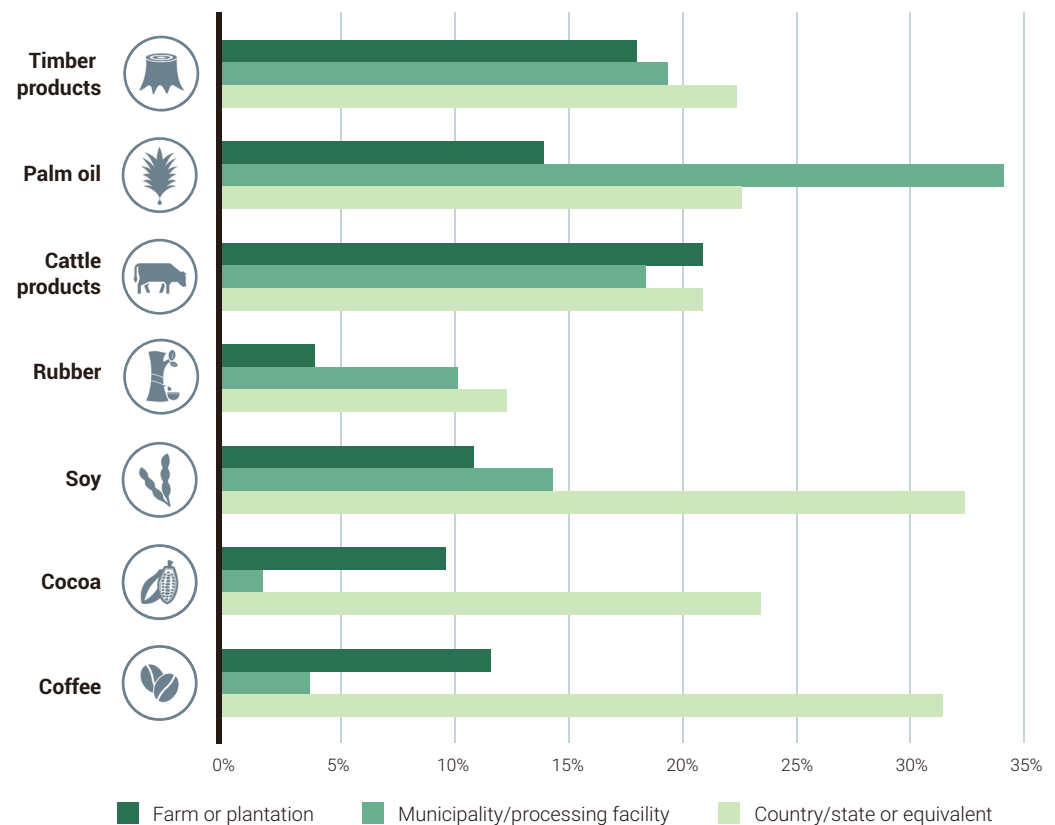
To reduce risk and ensure the products in a supply chain are free of deforestation, ecosystem conversion, and human rights abuses, companies need to know how these materials were produced. This requires tracing the product to specific areas, producers, or intermediate suppliers for which performance on these topics is known. Achieving adequate traceability is therefore an essential component of establishing and managing an ethical supply chain.

Traceability can be achieved in different ways. Full traceability to the farm or plantation of origin, traceability to low-risk jurisdictions or sourcing area, or sourcing from verified suppliers can provide the necessary assurance of deforestation- and conversion-free origins. Certification schemes that have robust no-deforestation/no-conversion criteria and include chain of custody systems in which volumes are physically certified to point of origin may also be used to achieve appropriate traceability. Certification is discussed in more detail in the following section.

Three quarters of companies (512/675) report having a traceability system for at least one commodity. However, levels of reported traceability remain low. More than a third of companies reporting on palm oil (35%), around half of companies reporting on timber, cattle, soy and coffee (45%; 45%; 47%; 52%), 63% of companies reporting on rubber and 78% of those reporting on cocoa lack any traceability for at least 50% of their supply chain.

While 57 companies (8%) report that they can trace 100% of sourced volume to the production unit of origin (i.e. to a plantation, farm, forest management

Figure 5. Percentage of companies sourcing each commodity disclosing traceability of 50% or more of their commodity volumes to a given supply chain stage.



unit, or cattle-breeding ranch), full traceability remains uncommon. Specifically:

- Only 20% of companies disclosing on cattle report are able to trace at least 50% of volumes to a fattening, rearing, or breeding farm;
- Only 17% of companies disclosing on timber report are able to trace at least 50% of volumes to the level of the plantation/forest management unit; and
- Only 10% of companies disclosing on soy report are able to trace at least 50% of volumes to farm level (figure 5).

Traceability to the level of a mill or processing plant is the most common for palm oil, with 35% of companies indicating they can trace at least half their volumes to this level. 18% of companies reporting on timber and 14% reporting on soy also report more than 50% traceability to a sourcing area defined by processing plants or municipalities.

Just under a quarter of companies (23%; 157) report being able to trace more than 90% of their production or sourcing of at least one commodity back to at least the level of a municipality or equivalent (CDP KPI #8).

Setting targets to specific levels of traceability is not an expectation under the Accountability Framework, but in alignment with the TCFD recommendations, CDP requests companies to disclose on whether they have timebound, quantifiable targets for increasing traceability of their commodities. Setting targets against their commitments can support companies in operationalizing them. Timebound, quantifiable targets for increasing supply chain traceability are scarce:

14% 

of companies (95) have a traceability target related to their no deforestation/no-conversion commitments.

Of those, 64 have a target to trace 100% of their production or sourcing back to at least municipality or equivalent and report linear progress towards reaching that target or have achieved it — **just 9% of all reporting companies** (CDP KPI #6).

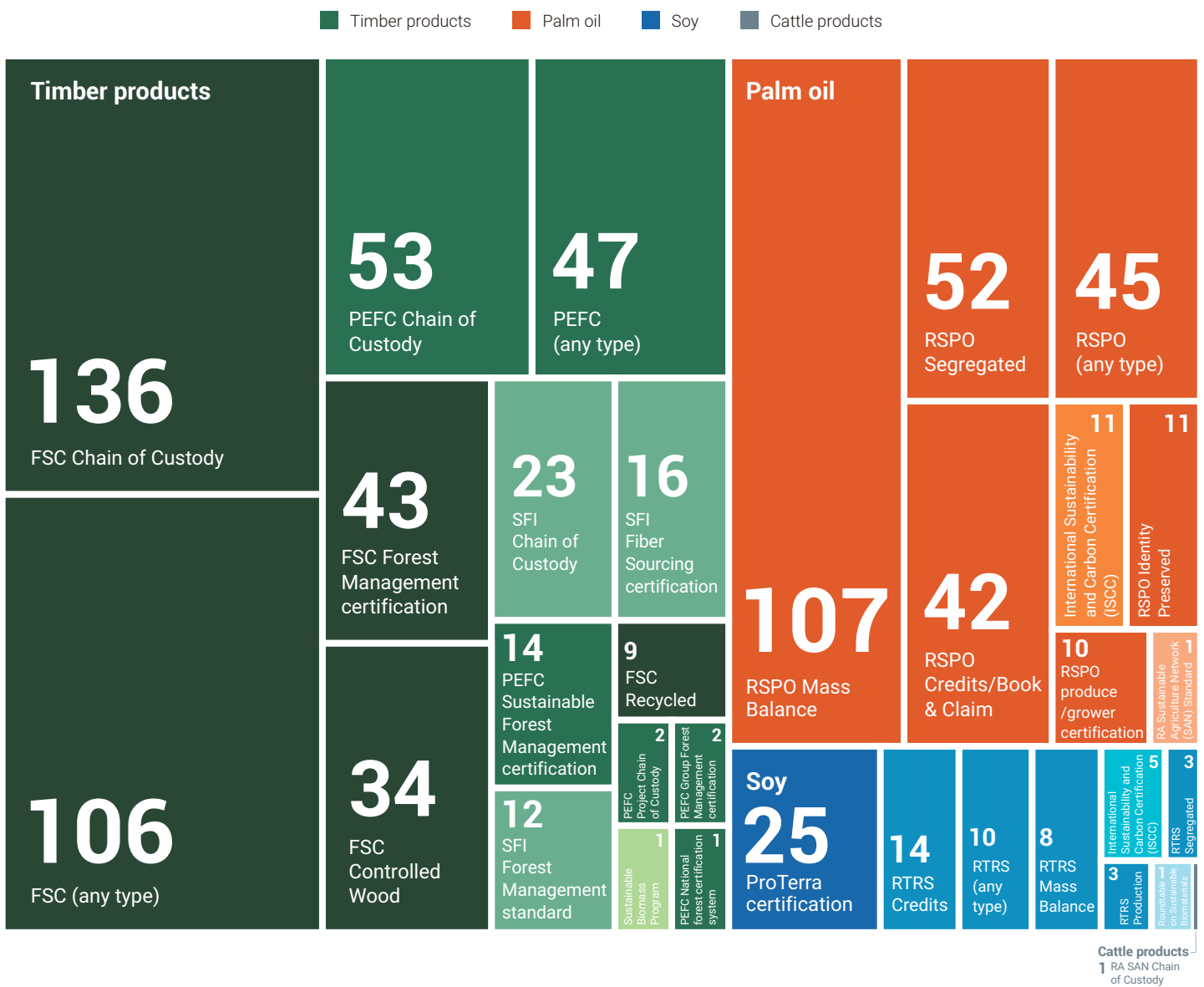


Certification

Third-party certification is one of the primary approaches that companies pursue to source commodities sustainably and achieve compliance with no-deforestation and other sustainability commitments.

Nearly 70% of companies (444) reported using certification for some of their commodity volumes. Prevalence of use was highest among companies reporting on palm oil (79%), followed by timber products (64%) and coffee (52%).

Figure 6. Number of companies reporting use of each certification scheme (companies reporting on timber products, palm oil, soy, cattle products only).




Certification schemes vary widely in their requirements and their chain of custody mechanisms. While some are designed to provide reasonable assurance of no-deforestation product origins, others lack robust no-deforestation/conversion criteria or offer chain of custody options such as mass balance or book and claim, which are not designed to assure deforestation-free commodity volumes. Only 47% (318) of companies report sourcing at least some certified volumes using a chain of custody scheme that provides assurance of no-deforestation and/or no-conversion¹⁴.



of companies (46) report that **at least 90%** of one of their commodities is certified by a certification scheme that provides assurance of no-deforestation/no-conversion (CDP KPI #7).

This includes 8% of companies reporting on timber products, 3% of those reporting on palm oil, and 2% of those reporting on soy. No companies report having achieved this level of certification for cattle products, natural rubber, cocoa or coffee.

Nearly
25% 

of companies (157) report third party certification targets linked to their no-deforestation/no-conversion commitments.

Of those companies, **only 19** have a target to source 100% certified no-deforestation/conversion compliant commodities and are making linear progress towards this target or have achieved it – just **3% of reporting companies** (CDP KPI #6).

CDP data indicates that certification is an attractive option that companies would like to be using to a greater extent than they currently are. Around a third of companies (32%; 218) report either limited availability of certified materials or cost of sustainably produced/certified products as key barriers and challenges to eliminating deforestation.



¹⁴ For the purposes of this analysis the following are considered as "certification schemes that provides assurance of no-deforestation/conversion": FSC Chain of Custody, FSC Forest Management certification, FSC Forest Management Group certification, FSC Recycled, International Sustainability and Carbon Certification (ISCC), NEPCon SmartLogging, ProTerra certification RTRS Segregated, RTRS Production, Rainforest Alliance, Roundtable on Sustainable Biomaterials (RSB), RSP0 Identity Preserved, RSP0 producer/grower certification, RSP0 Segregated, Sustainable Biomass Program



Insight

Further action needed to achieve traceability

Traceability to the farm level provides the greatest transparency into product origins and allows for the greatest level of control of supply chain volumes. However, in some cases, traceability to a sourcing area, such as mill/processing plant or municipality, provides adequate information to both assess and mitigate deforestation risk. This might be the case where there is no or negligible recent deforestation in an area, or where action is taken collaboratively by multiple actors at a landscape level.

While a handful of companies report having successfully implemented robust traceability systems, most companies are far from achieving traceability necessary to identify and address deforestation and conversion in their supply chains at either the farm/plantation or sourcing area scale. This lack of information about the origins of commodity supplies will limit companies' abilities to reduce their impact on forests and ecosystems, meet their deforestation and conversion commitments and reduce Scope 3 GHG emissions. It also implies the need for significant new investment in traceability to meet upcoming trade regulations addressing deforestation, such as those currently proposed in the European Union and United States.

Managing for Supply Chain Compliance

4

A photograph of a person wearing a wide-brimmed hat and a light-colored shirt, riding a brown horse. The horse is leading a herd of white cattle. The background consists of dense green trees. The entire image has a dark green tint. A large white number '4' is overlaid on the right side of the image.

Supplier Engagement

Accountability Framework Core Principle 6

states that companies should manage their entire supply chain - including their own operations and supplies purchased from other parties - to proactively fulfil commitments, identify non-compliance, and resolve any such issues expeditiously and effectively.

Effective supplier engagement means providing clear expectations - along with incentives, tools, and support as needed - to enable direct and indirect suppliers to fulfil the buyer's commitments.

Engagement with suppliers is common among reporting companies, with direct supplier engagement happening the most and smallholder engagement being the least frequent. Levels of incentives, tools, and support to enable suppliers to fulfill buyer's commitments vary among the types of suppliers engaged.

Two-thirds of processors, traders, manufacturers, and retailers (444/659) report that they are working with direct suppliers to support and improve their capacity to comply with forest-related policies, commitments, and other requirements, with a quarter of companies (168)

providing direct suppliers with technical or financial assistance¹⁵ to do so (CDP KPI #12).

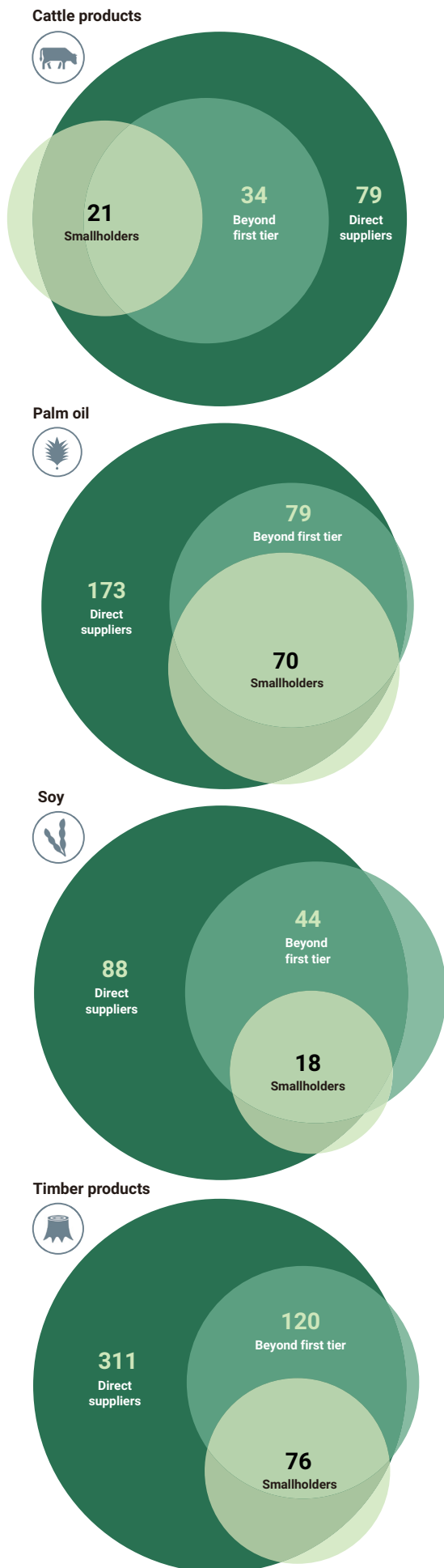
Half of all traders, manufacturers or retailers (194/390) disclose working with their indirect suppliers to manage and mitigate deforestation risks, largely via supply chain mapping and/or capacity building activities.

Over a third of companies (170/446) report working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems, and 22% (98) report providing them with technical or financial assistance¹⁶ to do so (CDP KPI #11).



¹⁵ Out of companies disclosing through the full-tier questionnaire

¹⁶ Offering on-site technical assistance and extension services, investing in pilot projects, paying higher prices linked to best agricultural practices, financial incentives for certified products



Marfrig Global Foods S/A



Cattle products

Marfrig has established multiple projects aimed at engaging suppliers in order to achieve sustainable beef supply chains. In Brazil, the Marfrig Club provides technical and financial assistance to support the adoption of good livestock practices. In partnership with TNC and Walmart, the 'Sustainable Meat: from Field to Table' project provides technical and financial support to farmers in the Southeastern Para region of the Amazon in order to increase the productivity of pasture lands that have already been cleared while protecting surrounding natural forest from farm expansion.

Conservative estimates point to a 54% increase in productivity in the participating properties, which allows the farmers to generate income without the need for new conversion.

As reported through CDP.

Figure 7. Number of companies reporting engagement with suppliers by supplier type

Management of supplier non-compliance

Accountability Framework Core Principle 6

states that companies buying or sourcing agricultural or forest commodities from suppliers should manage non-compliance to resolve such issues swiftly without enabling or promoting further non-compliance.

To implement their supply chain commitments, companies must have effective means to identify and address non-compliance. This may be done through combinations of monitoring systems, supplier engagement, grievance mechanisms, and other processes. As part of the process of addressing non-compliance, companies must decide whether to continue sourcing from non-compliant suppliers and how best to engage such suppliers to improve performance toward full compliance.

The Accountability Framework recommends that buyers engage with non-compliant suppliers to the extent possible to facilitate and incentivize improvement. This engagement may occur in tandem with continued purchasing or through the suspension of suppliers. In the case of severe, extensive, or continued non-compliance, exclusion of suppliers may be warranted.

242 companies responded to questions regarding the ways in which they address supplier non-compliance with their forest policies. Most of these companies reported having a policy regarding supplier non-compliance (89%; 216), and procedures to resolve it (88%; 213) (see tables 2 and 3). The majority of these were companies reporting on timber products (150) or palm oil (89).

Nearly all these companies disclosed engaging in a combination of procedures to address and resolve non-compliance with suppliers, with the most common being communicating improvement activities and requirements to suppliers (150 companies) and

developing time-bound targets and milestones for suppliers to return to compliance (132 companies).



Table 2. Percentage of companies reporting each response to non-compliance¹⁷

Response to non-compliance	Total/ At least one commodity	Timber products	Palm oil	Cattle products	Soy	Rubber	Cocoa	Coffee
Exclude	37%	35%	33%	35%	33%	10%	29%	9%
Retain & engage	65%	59%	66%	62%	57%	60%	43%	36%
Suspend & engage	46%	44%	38%	41%	33%	20%	36%	27%

17. Out of 242 companies reporting to the question i.e. those disclosing through the full-tier questionnaire that have a forest-related policy or public commitment and a system to monitor compliance

Table 3. Percentage of companies reporting each procedure to resolve non-compliance¹⁷

Response to non-compliance	Total/ At least one commodity	Timber products	Palm oil	Cattle products	Soy	Rubber	Cocoa	Coffee
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics	28%	27%	33%	29%	24%	0%	7%	9%
Developing time-bound targets and milestones to bring suppliers back into compliance	55%	47%	56%	62%	47%	30%	29%	18%
Providing information on appropriate actions that can be taken to address non-compliance	62%	59%	63%	59%	49%	30%	36%	36%
Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities	45%	41%	45%	59%	37%	0%	21%	18%

Kao Corporation

Palm oil



Kao continuously monitors external sources of non-compliance in the supply chain. Whenever a violation of compliance is suspected, Kao will conduct a fact-finding survey through refineries (Tier 1) in the supply chain, regarding Palm kernel mills (Tier 2), Palm oil mills (Tier 3), and plantations (Tier 4). Upon discovery of non-compliance in this study, Kao will cease doing business with the company and request the company to take corrective actions and to comply with NDPE and HCSA. If the non-compliance status continues for a long time, Kao requests the refinery (Tier 1) to suspend business with the company concerned. In addition, a third-party audit shall be conducted on the relevant company to confirm the progress of improvement.

As reported through CDP.

17. Out of 242 companies reporting to the question i.e. those disclosing through the full-tier questionnaire that have a forest-related policy or public commitment and a system to monitor compliance



Insight

Building deforestation-free supply chains

Engaging with direct and indirect suppliers to understand the supply chain, assess performance, and support improvement has become a focus of leading companies as they develop strategies to implement supply chain goals. Responses by companies identifying active supplier engagement and management of non-compliance likely reflect many of the collaborative efforts in which companies are engaged, such as the CGF's Forest Positive Coalition, which identify supplier engagement and support as primary goals and indicators of progress.

As tools for supply chain mapping and supplier assessment and capacity-building improve and are increasingly available, these numbers would be expected to increase for all companies up and down the supply chain, leading to subsequent improvement in traceability, monitoring, and compliance.

Supplier engagement through CDP

CDP's Supply Chain membership program helps companies tackle their environmental impact, putting suppliers on their own pathway towards environmental excellence. Purchasing members request their suppliers to disclose through CDP and provide details about relevant impacts related to climate change, deforestation, and water. Through CDP's forests reporting framework, these suppliers are engaged to increase transparency and progress to remove deforestation and forest degradation from their operations.

However, to achieve supply chain goals, companies must go beyond engagement with their suppliers to publish and enact clear and consistent strategies to address commodity volumes linked to deforestation, conversion, or human rights abuses. Reporting through CDP indicates that these processes are being adopted by many companies reporting on timber and palm oil but are rarer in other commodity supply chains. Ongoing purchasing from suppliers that continue to engage in natural ecosystem clearance and human rights abuses all but ensures that companies will fail to achieve their sustainability targets and may remain non-compliant with new regulatory measures.

Collaboration for Landscape and Sectoral Sustainability

5

Accountability Framework Core Principle 10

states that companies should contribute to sector, landscape, and jurisdictional initiatives to foster collaboration towards addressing key social and environmental challenges.

While companies that produce and source agricultural or forest commodities are responsible for eliminating deforestation and conversion from their operations and value chains, the experience of the past decades makes it clear that individual company action will not be sufficient to eliminate ecosystem conversion in line with company forest and climate goals. Therefore, company participation in collective efforts is increasingly expected as part of a package of measures to mitigate supply chain deforestation risk.

Nearly two-thirds of all reporting companies participate in external activities or initiatives to promote the implementation of their forest-related policies and commitments (63%). These activities range from aligning

with industry coalitions towards collective action on key environmental targets, directly supporting communities, and supporting governments to achieve environmental targets, among others.



What are landscape and jurisdictional approaches?

Landscape Approaches

involve a collaboration of stakeholders within a landscape to advance shared sustainability goals and reconcile and optimize multiple social, economic, and environmental objectives across multiple economic sectors and land uses. They are implemented through processes of integrated landscape management, convening diverse stakeholders to develop and implement land-use plans, policies, investments and other interventions.

Jurisdictional Approaches

are a type of landscape approach to advance shared sustainability goals where the landscape is defined by administrative boundaries of subnational governments and the approach is implemented with a high level of government involvement.

Landscape and jurisdictional approaches in particular present an opportunity for companies to constructively engage to improve the outcomes within high priority landscapes. These approaches can provide a management framework that supports inclusion of multiple stakeholders in establishing and balancing

collective goals, as well as systems for data collection and monitoring and reporting. Corporate engagement at the landscape or jurisdictional level is increasingly a feature of corporate sustainability strategies, and standards are evolving to clearly measure and account for progress based on corporate contributions.

7%



of disclosing companies engaging in jurisdictional approaches in 2021 (CDP KPI #14).

Participation in jurisdictional approaches was highest among companies reporting on palm oil (10%) followed by cocoa (7%).

While still representing only a small fraction of companies, this number is growing rapidly; the number of companies reporting engagement in landscape/jurisdictional approaches through CDP increased tenfold between 2019 and 2021, from four to 47 companies, with a 74% increase in 2021 alone¹⁸.

New in 2022: In this year’s forests questionnaire, CDP has introduced new questions and guidance on disclosure related to landscape and jurisdictional approaches¹⁹, focusing on five key elements:

Main elements of CDP’s 2022 disclosure on landscape and jurisdictional approaches

<p>Prioritization</p>  <p>What landscapes does a company choose to prioritize?</p>	<p>Type of Engagement</p>  <p>How does the company choose to engage with the initiative?</p>	<p>Goals to Support</p>  <p>Companies can choose to support one or more goals of a landscape or a jurisdictional initiative.</p>	<p>Actions Taken</p>  <p>Companies can choose to take different types of actions to support meeting these goals.</p>	<p>Monitor & Report Progress</p>  <p>Companies should have a plan alongside the initiative to monitor and report on the progress.</p>
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51%²⁰



of disclosing companies (227) reported supporting or implementing ecosystem restoration and protection projects (51%).

41%



of disclosing companies (185) disclosed that their projects have measured outcomes that are monitored at least every two years (CDP KPI #15).

¹⁸ CDP (2021) COLLECTIVE ACTION: CORPORATE ENGAGEMENT IN LANDSCAPE AND JURISDICTIONAL APPROACHES Findings from 2020 and 2021 CDP data. <https://www.cdp.net/en/reports/downloads/5971>

¹⁹ See CDP forests questionnaire and reporting guidance for more details

²⁰ Out of companies disclosing through the full-tier questionnaire

Monitoring and Verification

6

Monitoring systems

Accountability Framework Core Principle 11

states that regular monitoring should be conducted relative to the time-bound targets associated with each of a company's commitments. Monitoring systems should be suitable for assessing social, environmental, and land use outcomes related to the commitment scope.

Robust monitoring and verification systems are essential components of company operations, supply chain management, and accountability. Internally, monitoring and verification enables companies to assess performance relative to company commitments in order to facilitate internal learning and adaptive management of operations and supply chains. Externally, monitoring and verification systems are critical for providing credible information on performance and progress to buyers, investors, and other stakeholders.

Two-thirds of companies (242) report having a monitoring system to assess compliance with forest-related commitments for at least one commodity.

Of the 247 companies who have either a publicly available company-wide no-deforestation/conversion policy or a comprehensive* no-deforestation/conversion public commitment

72% 

report having a monitoring system related to those policies/commitments (177 companies).

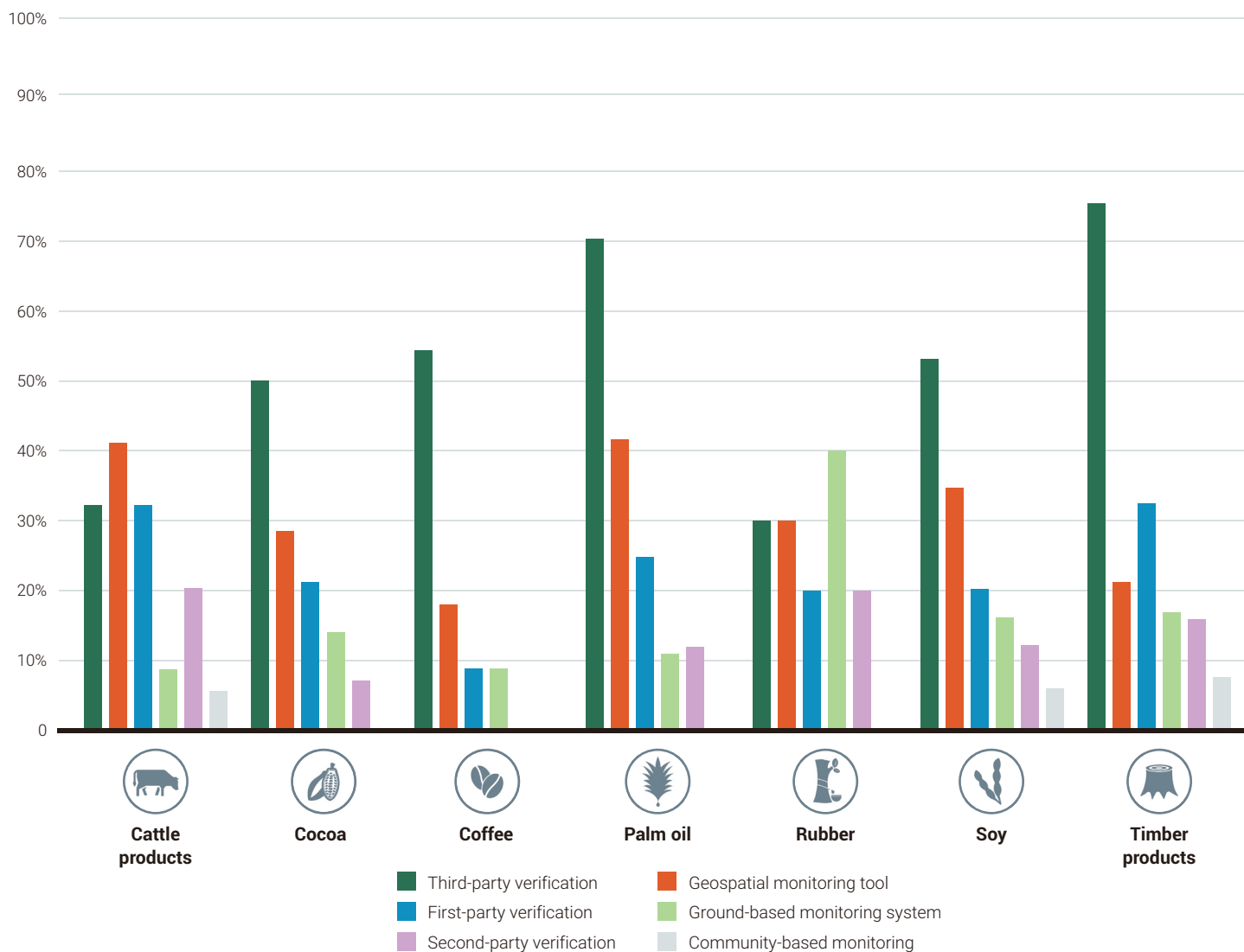
These are primarily companies reporting on timber (118) or palm oil (81).

Of companies that report having systems for monitoring compliance, third party verification – most often certification – is the most common method (see section 3.3 above). Third party verification is used by 76% of companies disclosing on timber products, 70% of those disclosing on palm oil, and 55% of those disclosing on coffee (see figure 8). The second most prevalent form of monitoring disclosed is geospatial tools, used by over 40% of companies disclosing on palm oil and cattle products and more than 20% of companies disclosing on all commodities except coffee.



* Public no-deforestation/conversion commitments that cover 100% supply, are set to be completed by 2030 and include a FPIC and a cutoff date

Figure 8. Percentage of reporting companies with a system to control, monitor, or verify compliance by type of monitoring and verification approach

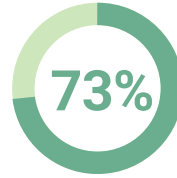


Compliance with no-deforestation and no-conversion commitments

Of the 177 companies that monitor compliance with a publicly available company-wide no-deforestation/no-conversion policy or timebound quantifiable no-deforestation/no-conversion public commitment:

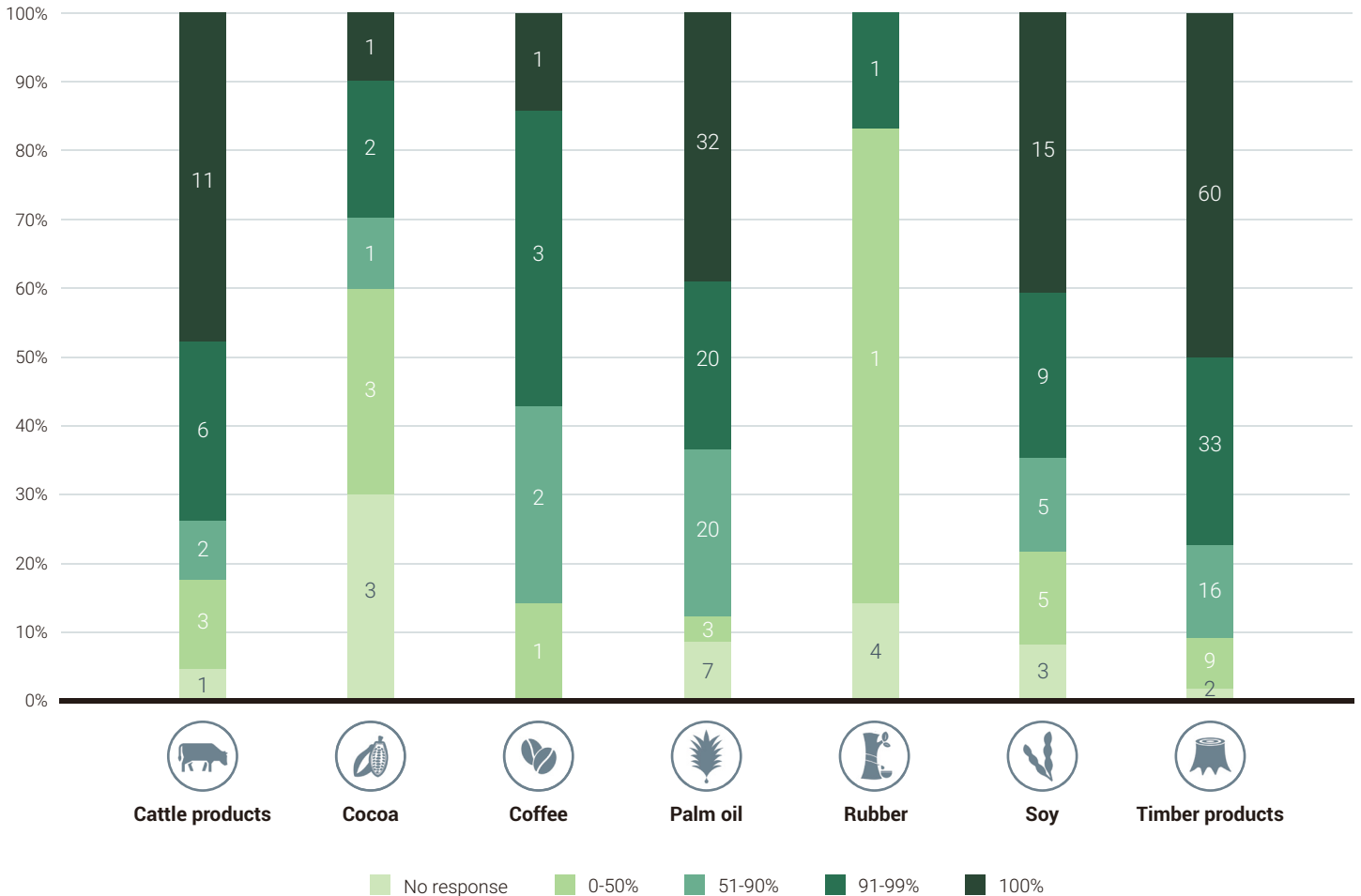


of companies (152) report that **more than 50%** of their total volume complies with those commitments; and



of companies (129) report that over 90% of their total volume complies (see figure 9). This represents **more than a third** of all reporting companies (35%; 129/370²¹) (CDP KPI #9) and 19% of the 675 analyzed companies.

Figure 9. Distribution of reported compliance with publicly available company-wide no-deforestation/conversion policies or timebound no-deforestation/conversion public commitments (number of companies)





Companies are also expected to monitor for legal compliance, and **79% of companies** that produce or source commodities from regions with a high deforestation risk report that they assess their own or supplier compliance with forest regulations and/or mandatory standards for at least one commodity (CDP KPI #10).

Amaggi

Soy



Amaggi uses ORIGNAR 2.0, a geospatial tool that integrates satellite images with the company's purchasing systems and can cross-reference supplier data with their own socio-environmental criteria. Traceability is to the property level and 100% of these areas are monitored for deforestation. If there is an indication of noncompliance, the producer is blocked in the system, which then triggers a more detailed assessment and a 'suspend and engage' process. Certification is also used for ground-based assessments. Monitoring also takes place at Amaggi's corporate level, with third party auditing of its management systems.

As reported through CDP.

Mondi PLC

Timber products



Mondi actively monitors its wood fiber supplies to ensure they are not subject to deforestation or illegal logging and that no tropical species or those listed by CITES are used, in line with its policy requirements. All wood fiber supplies are assessed using a top-down approach to monitor forest-related risks through our supply chain. For high-risk wood fiber sources, Mondi uses different risk tools, such as GIS maps, satellite imaging tools and local forestry reports (by the media, NGOs, community forums, authorities, etc) to identify local, country and/or regional risks. All wood suppliers are covered by a risk assessment and auditing program, including first- and second-party audits, and third party verification within forest certification and controlled wood audits. It also operates local hotlines and a group-wide anonymous whistle-blowing system, Speakout, which allows stakeholders to raise concerns of alleged non-compliances with its policy.

As reported through CDP.



Insight

No-deforestation goals are attainable but progress must be vastly scaled up

Largely through certification and geospatial monitoring, leading companies – primarily in timber and palm sectors – have reported being able to achieve high levels of compliance with their no-deforestation and no-conversion commitments.

These figures indicate the extent to which it is possible for companies to control the vast majority of their supply chains with the right tools and level of effort. However, the fact that global deforestation persists largely unabated despite this degree of progress at the company level underscores the importance of extending such progress far more widely and of taking greater action beyond the bounds of individual company supply chains to address the most critical drivers of commodity-driven ecosystem conversion.

Next Up for Disclosure:

Progress towards no-deforestation/no-conversion goals and impacts on the ground

7

Disclosure through CDP over the past few years shines a spotlight on the actions companies are taking to implement no-deforestation/conversion goals, from traceability to supplier engagement and establishment of monitoring systems.

This report shows that leading companies continue to innovate and improve these implementation systems, developing new approaches to controlling supply chains and supporting the improvement of supplier engagement practices and landscape-level collaborations. However, most companies indicate slow progress, if any, in taking the necessary actions to reduce commodity-driven deforestation and ecosystem conversion. And, for all companies, data on actual mitigation of impacts on the ground is largely non-existent.

To increase accountability and recognize company progress toward the goals of eliminating supply chain deforestation/conversion, the AFi is supporting more consistent and accurate reporting on the outcomes of those actions based on two indicators:

1. Proportion of production and/or supply chain volumes that can be assessed or verified to be free from deforestation and conversion; and
2. The amount of recent deforestation and conversion associated with operations and/or supply chains.

The first is essential as a consistent and comparable measure of progress towards no-deforestation/no-conversion goals that accounts for risk, traceability, monitoring, and compliance. The second is necessary to link this progress with change on the ground, including land use change emissions associated with a company's supply chain.

With that in mind, CDP and AFi have collaborated to introduce two new questions in the 2022 questionnaire:

Question F1.5a: Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

- ▼ Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?
- ▼ % of reported volume verified as deforestation- and/or conversion-free

Question F1.7: Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

- ▼ Have you monitored or estimated your deforestation/conversion footprint?
- ▼ Reporting deforestation/conversion since a specified cutoff date or during the last five years?
- ▼ Known or estimated deforestation/conversion footprint (hectares)
- ▼ Describe methods and data sources used to monitor or estimate deforestation/conversion footprint

To incentivize disclosure and facilitate learning and improvement, companies will be scored primarily for simply disclosing on these questions, with more points available for any verified volumes²².

Together with new guidance on measuring, accounting for, and reporting on land sector emissions, the inclusion of these indicators within CDP disclosure will provide more visibility than ever before into the ways in which companies are transforming their supply chains, sectors, and the landscapes from which they source. Accurate and comprehensive company disclosure will be an essential step for all companies working to achieve individual and collective forest, climate, and nature targets.



22 Please see CDP 2022 forests scoring methodology for more details at <https://www.cdp.net/en/guidance/guidance-for-companies>

Spotlight on Southeast Asia







Southeast Asia is a primary sourcing region for commodities such as palm oil and timber, AFI and CDP are collaborating in the region to promote the adoption of best practices for achieving a responsible supply chain among supplier and tier-2 companies. Deforestation trends in parts of the region differ from many other sourcing landscapes in showing decreasing rates of primary forest loss between 2016 and 2020²³. The following section looks at company performance for this region in more detail, given the importance of the Southeast Asia region for the production and sourcing of forest-risk commodities – as well as the comparatively long history of company commitments and other efforts to curtail deforestation, peatland conversion, and exploitation linked to supply chains in this region.




Overall, the subset of companies doing business in Southeast Asia (269 of the 675 total disclosing companies analyzed in this report) discloses more widespread adoption of some important elements of company governance, commitments, and actions. Adoption of some key actions is proportionately highest for the 23 of these companies that report owning or controlling land in Southeast Asia.





Nevertheless, there are some critical gaps that mirror those found for the CDP forest disclosers overall, notably: to the extent that companies have forest-related policies or commitments, only the minority of these are highly aligned with good practice as reflected in the Accountability Framework; sufficient levels of traceability are relatively uncommon; and supplier engagement, while more prevalent than the global average, is far from widespread.

CDP's KPIs	Element	Disclosed by companies that produce or source forest-risk commodities from Southeast Asia (n=269)	Disclosed by companies that own or control land in Southeast Asia (n=23)
 Board-level oversight	Board-level oversight of forest-related issues.	92%	100%
	One of the 5 key board positions has oversight of forest-related issues.	54%	81%
 Policy	Has a forest-related policy.	82%	96%
	Forest policy is a general or commodity-specific publicly available company-wide no-deforestation policy with social elements, remediation and restoration.	18%	48%

23 WRI (2020) <https://research.wri.org/gfr/forest-pulse>
















CDP's KPIs	Element	Disclosed by companies that produce or source forest-risk commodities from Southeast Asia (n=269)	Disclosed by companies that own or control land in Southeast Asia (n=23)
 Commitment	Has a robust no-deforestation/no-conversion commitment that covers 100% supply; is set to be fulfilled by 2030; and includes Free, Prior, Informed Consent, a cutoff date, and wider with social elements, remediation and restoration.	2%	17%
 Strategic business plans	Forest issues integrated into all parts of long-term strategic business plans including in financial planning, strategy and objectives.	68%	96%
 Forest-related risk assessment	Conducts a forest-related risk assessment.	89%	100%
	Conducts a comprehensive forest-related risk assessment.	36%	48%
 Targets	Has a target linked to no-deforestation/no-conversion commitments to trace 100% of the commodities to municipality or equivalent level and are making linear progress towards or have already achieved this target.	13%	30%
	Has a target linked to no-deforestation/no-conversion commitments to source 100% certified no-deforestation compliant commodities and are making linear progress towards or have already achieved this target.	3%	17%
 Certification	Has at least 90% of one commodity certified in a no-deforestation compliant certification.	4%	4%
 Traceability	Can trace more than 90% of one commodity to municipality or equivalent level.	23%	57%

CDP's KPIs	Element	Disclosed by companies that produce or source forest-risk commodities from Southeast Asia (n=269)	Disclosed by companies that own or control land in Southeast Asia (n=23)
 Compliance	Has a system to control, monitor, or verify compliance with no-deforestation/no-conversion policies or commitments for at least one of the commodities they report on.	66%	90%
	Report over 90% of total volume of at least one commodity in compliance.	40%	43%
	Report over 90% of total volume of at least one commodity in compliance with robust no-deforestation commitments or policies.	32%	43%
 Legal compliance	For companies that produce or source commodities from regions with a high deforestation risk, assess their own or supplier compliance with forest regulations and/or mandatory standards for at least one commodity.	78%	100%
 Supply chain engagement – Smallholder	Working with smallholders to support good agricultural practices and reduce deforestation or conversion of natural ecosystems.	41%	95%
	Providing smallholders with technical or financial assistance.	25%	71%

CDP's KPIs	Element	Disclosed by companies that produce or source forest-risk commodities from Southeast Asia (n=269)	Disclosed by companies that own or control land in Southeast Asia (n=23)
 Supply chain engagement – Direct suppliers	Works with direct suppliers to support and improve supplier capacity to comply with forest-related policies, commitments and requirements.	80%	91%
	Provides direct suppliers with technical or financial assistance (processors, traders manufacturers, retailers).	35%	78%
 Supply chain engagement – Beyond first-tier suppliers	Works beyond their first-tier suppliers to manage and mitigate deforestation risks (traders, manufacturers, retailers).	56%	61%
 Forest-related external initiatives – Jurisdictional Approaches	Participate in external activities or initiatives to promote the implementation of their forests-related policies and commitments.	83%	100%
	Participate in jurisdictional approaches.	11%	22%
 Ecosystem restoration and protection	Implementing ecosystem restoration and protection projects.	59%	95%
	Implementing ecosystem restoration and protection projects with timely monitoring and measured outcomes.	48%	86%

















Annex:

CDP global key performance indicator results

			Overall (for at least one commodity)	Timber products	Palm oil	Cattle products	Soy	Natural rubber	Cocoa	Coffee
										
Number of companies disclosing forest-related information			675	491	233	126	154	51	54	27
KPI #	KPI TYPE	EXPLANATION								
1	 Board level-oversight	Companies where one of five key board positions has oversight of forest-related issues - Board Chair, Director on board, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO)	226	169	94	45	61	19	19	8
			51%	51%	50%	47%	50%	54%	43%	36%
2	 Policies	Companies with either a publicly available general or commodity specific company-wide no-deforestation policy with social elements, remediation and restoration - commitment to eliminate conversion of natural ecosystems, commitment to eliminate deforestation, commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE), commitment to remediation, restoration and/or compensation of past harms, commitment to protect rights and livelihoods of local communities	85	55	40	8	19	3	4	1
			13%	11%	17%	6%	12%	6%	7%	4%
3	 Commitments	*Companies with a public no-deforestation (no conversion of natural ecosystems, zero gross deforestation/no deforestation) forests-related commitment with social elements, remediation and restoration that is timebound, set to be completed by 2030, includes a cutoff date before 2020, with FPIC, covers 100% of production/consumption and applies to all relevant operations. Includes commitments to operations in accordance with the UN Declaration on the Rights of Indigenous Peoples, remediate any adverse impacts on indigenous people and local communities, adoption of the UN International Labour Organization principles, resolution of complaints and conflicts through an open, transparent and consultative process, recognition of legal and customary land tenure rights, restoration and compensation to address past deforestation and/or conversion*	12	7	3	1	2	1	1	1
			2%	1%	1%	1%	1%	2%	2%	4%
4	 Strategy	Companies that integrate forest-related issues into all parts of their long-term strategic business plans: financial planning, long-term business objectives and strategy for long-term objectives	352	266	141	61	82	23	26	13
			52%	54%	61%	48%	53%	45%	48%	48%
5	 Risk assessment	Companies who conduct a comprehensive forest-related risk assessment: full coverage of relevant operations with risks beyond 6 years considered and availability of forest risk commodities, quality of forest risk commodities, impact of activity on the status of ecosystems and habitats, social impacts, local communities are included in the assessment	137	70	54	21	29	2	7	6
			31%	21%	29%	22%	24%	6%	16%	27%
6	 Targets	Companies that have achieved or are making linear progress towards targets to source 100% no-deforestation certified commodities	19	11	7	0	1	0	0	0
			3%	2%	3%	0%	1%	0%	0%	0%
		Companies that have achieved or are making linear progress towards targets to trace 100% of supply back to at least municipality or equivalent level	64	22	29	10	12	1	3	0
			9%	4%	12%	8%	8%	2%	6%	0%
7	 Certification	Companies with at least 90% of total production/consumption volume of a commodity certified in a no-deforestation compliant certification	46	37	7	0	3	0	0	0
			7%	8%	3%	0%	2%	0%	0%	0%

Annex:

CDP global key performance indicator results

			Overall (for at least one commodity)	Timber products	Palm oil	Cattle products	Soy	Natural rubber	Cocoa	Coffee
										
Number of companies disclosing forest-related information			675	491	233	126	154	51	54	27
KPI #	KPI TYPE	EXPLANATION								
8	 Traceability	Companies that can trace more than 90% of their production/consumption volume of a commodity back to at least municipality or equivalent level	157	92	43	20	13	2	2	2
			23%	19%	18%	16%	8%	4%	4%	7%
9	 No conversion/ no deforestation commitment compliance	Companies that have either a no-deforestation policy or comprehensive commitment and have a system to control, monitor, or verify compliance and this system covers all relevant direct operations or supply chains and more than 90 % of total volume in compliance	129	88	47	16	23	1	3	4
			35%	31%	28%	21%	23%	4%	9%	22%
10	 Legal compliance	Companies that produce or source commodities from regions with a high deforestation risk and assess own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards	262	156	122	39	57	13	22	9
			79%	83%	78%	63%	77%	50%	71%	64%
11	 Supply chain engagement – Smallholders	Companies working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems by providing them with financial or technical assistance to them to help achieve this. Financial or technical assistance includes offering on-site technical assistance and extension services, investing in pilot projects, paying higher prices linked to best agricultural practices, financial incentives for certified products.	98	41	45	10	13	4	8	4
			22%	12%	24%	11%	11%	11%	18%	18%
12	 Supply chain engagement – Direct suppliers	Processors, traders, manufacturers and retailers working with direct suppliers to support and improve their capacity to comply with forest-related policies, commitments, and other requirements and are providing financial or technical support to help them achieve this. Financial or technical assistance includes offering on-site training and technical assistance, investing in pilot projects, paying higher prices linked to best agricultural practices, financial incentives for certified products, offering credit lines linked to best agricultural practices.	168	94	64	24	28	3	10	6
			25%	20%	28%	20%	19%	6%	19%	23%
13	 Supply chain engagement – Beyond first-tier suppliers	Traders, manufacturers or retailers working beyond first-tier suppliers to manage and mitigate deforestation risks through supply chain mapping or capacity building	170	97	76	30	40	7	13	5
			44%	33%	45%	35%	37%	22%	33%	24%
14	 Forest-related external activities or initiatives	Companies participating in external activities or initiatives to promote the implementation of their forests-related policies and commitments through jurisdictional approaches	47	22	23	5	8	0	4	0
			7%	4%	10%	4%	5%	0%	7%	0%
15	 Ecosystem restoration and protection	Companies supporting or implementing project focused on ecosystem restoration and protection with timely monitoring and measured outcomes	185	137	81	37	50	10	17	8
			41%	41%	43%	39%	41%	29%	39%	36%

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CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with over 590 investors with \$110 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 14,000 organizations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD-aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

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About AFi

The Accountability Framework initiative (AFi) is a collaborative effort to build and scale up supply chains for agricultural and forestry products that are protective of forests, other ecosystems, and human rights. Led by a diverse global coalition of environmental and human rights organizations, the AFi supports companies and other stakeholders in setting strong supply chain goals, taking effective action, and tracking progress to create clear accountability and incentivize rapid improvement.

The AFi developed, maintains, and promotes the Accountability Framework, a practical, consensus-based guide that brings together accepted international norms, best practices, and expectations of commodity buyers, investors, and civil society into a single integrated resource for effective action to address the deforestation, conversion, and human rights impacts of supply chains.

Visit accountability-framework.org or follow us @AcctFramework to find out more.